THE ENTERPRISE BUDGETS

AIR QUALITY FUND

The Air Quality Fund, with the Operating Permits Program and the Vehicle Pollution Management Program (VPMP), provides the resources to the City's effort to ensure clean air. The Operating Permits Program budget incorporates revenue from the new fee schedule approved by the Air Quality Board and implemented in FY/05 to fund increased compliance initiatives. Revenue from the fees is sufficient to support an additional environmental health specialist to improve compliance with Fugitive Dust Control Regulations. The VPMP administers the motor vehicle inspection/maintenance and oxygenated fuels program. There is no fee increase proposed for FY/06, as existing fee revenue adequately supports necessary equipment purchases.

AVIATION ENTERPRISE FUND

The Aviation Fund was established to account for the activities of two airports, including the International Sunport and Double Eagle II, as well as parking facilities that service the airport. Significant operating challenges still face Aviation as a result of the events of September 11, 2001. Operations continue to address heightened security requirements and continuously strive to increase efficiency to minimize operating costs for the airlines. The Transportation Safety Administration security requirements and the expansion of the checkpoint have increased the number of security posts necessary to operate the Sunport. In response, the proposed budget increases the number of Aviation Police Officers by three, by reclassifying an existing vacant position in Parking and adding two new positions.

The transfer to the Capital Fund is decreased by $3.85 million from FY/05. Balances were built in FY/05 to establish a cash liquidity reserve and complete hanger projects. Much of this cost reduction in the operating fund is offset by an increase in the transfer to the Debt Service Fund of $1.75 million and a $1.6 million increase in Airport operations. Overall, the operating budget will decrease by $633 thousand from the FY/05 budgeted level.

PARKING ENTERPRISE FUND

The Parking Fund administers a number of downtown parking structures, lots and parking meters. Significant financial challenges continue in the Parking Division. The Parking Division must meet the demands of an increasing debt service burden associated with $25.6 million in parking structure bonds and cover the operation and maintenance costs of the new and aging facilities, as well as meter operations and parking enforcement. As the structures associated with the Series 2000A Bonds were completed the cash balances were depleted and with them the interest earnings that could be used to meet increasing debt service payments (which increased from $2.8 million in FY/05 to $3.3 million in FY/06). Revenues generated by operations are not sufficient to meet the operating and debt service demands.

In FY/05 the City of Albuquerque took over the operation of the Acropolis Parking Facility. As a result, three full time intra-year positions were added in FY/05 and carry over to the FY/06 proposed budget.

Meter revenues in FY/05 are expected to be lower than in FY/04. As downtown streets returned to two-way traffic, parking meters were removed along the newly created bus lanes, driving revenues down. However, FY/06 meter revenue is expected to increase as meters are added and the department works with the contractor to correct problems with existing meters. Monthly, attended and validated parking revenue is expected to be greater in FY/05 and remain stable in FY/06. Parking citation revenue has increased in FY/05 and is expected to increase further with the provision of new trucks in this proposed budget to reduce 'down time' of vehicles used to issue citations.

Parking has long been viewed as an economic development tool for downtown. As a result, validations, monthly rate reductions and other discounts provided to entice business and visitors downtown account for about $1.1 million in parking revenue reduction annually. This cost has been calculated by the parking division and appears in the CAO's Office of Economic Development budget as a transfer from the general fund to the Parking Fund. In addition to the economic incentives subsidy transfer, an additional transfer of $1.2 million is required to meet both the operating and debt obligations of the Parking Division in FY/06.

REFUSE DISPOSAL ENTERPRISE FUND

Litter removal was the central theme of the FY/05 Enterprise Budget and Solid Waste continues to lead the City's effort in FY/06. Among the activities carried out within this fund are trash removal, recycling, graffiti removal, and Clean City activities. A three percent rate increase is included in this proposal: two percent to support the War on Weeds program and one percent to fund increasing fuel costs. From the proposed increase, the total residential charge would increase from $10.24 per month to $10.55 per month.

A rate increase is required as the department has exhausted its ability to support expansion items without increasing rates. Service expansions and cost increases in FY/05 were absorbed by increasing efficiency and effort. Those recent service expansions that require ongoing support include:

- Expanding the days of operation at each of the three City operated convenience centers in FY/05 from five to seven days per week to reduce illegal dumping.
- Expanding the cleanup of litter and debris along the highways and gateways to the City in FY/05. The City partnered with the State to maintain litter control on highways within City limits.
- Procurement of necessary heavy equipment for the landfill, truck tractors for convenience centers, collection equipment and sweepers for the interstate were financed through a $5.8 million loan from the New Mexico Finance Authority in FY/05. Debt service payments must be funded in FY/06 and future years.
- The FY/05 budget mandated weekly curbside residential recycling (previously every other week) to coincide with regular garbage collection for the second half of the fiscal year. The full year cost must be absorbed in FY/06.

The War on Weeds pilot effort in fall 2004 used 'day labor' through arrangements with local shelters for people to pick up trash and weeds on thoroughfares. The program proved successful in the judgment of the public, policy makers and participants. The FY/06 budget proposes to create a year round available pool of labor for litter and weed control. Litter control requires deployment of laborers each month of the fiscal year. Weed control requires laborers from March to September. Additional program costs include supplies, vans, fuel and drivers as well as a program specialist to coordinate the operation. Two percent of the proposed rate increase in FY/06 would be used to make litter and weed control a year-round program.

Fuel prices in FY/05 greatly exceeded the FY/04 and FY/05 budgeted average price of $0.89/gallon. It is now clear that the assumption of $0.89/gallon fuel cannot be maintained in the FY/06 budget. One percent of the proposed rate increase is directed to fund fuel in FY/06. Unfortunately, FY/05 fuel prices have been as high as $1.64/gal. That reality has prompted the administration to attach a fuel surcharge to mitigate the budgetary damage rapidly increasing fuel prices would have to the Solid Waste budget. The proposed surcharge will be assessed to all refuse customers if the cost of fuel exceeds the FY/05 average price to date of $1.38/gal. The fuel surcharge would be calculated and assessed monthly if necessary.

GOLF ENTERPRISE FUND

The Golf Operating Fund manages the City's four municipal golf courses. The Golf Fund has had problems meeting the required debt service coverage associated with $2.42 million in bonds issued to build the new clubhouses at Ladera, Arroyo del Oso and Los Altos. Golf rounds fell and left the Golf Fund facing a debt service coverage problem at the end of FY/04. In order to support the Golf Fund, the indirect overhead imposed and remitted to the General Fund was reduced by 50%. FY/05 golf round revenue is up, but is not performing as well as anticipated when the FY/05 budget was prepared. New courses continue to open in the area and competition has affected revenue. Separate fee schedules were consolidated in FY/05, but revenues are not expected to be sufficient to support the current level of expenditures through FY/06. Alcoholic beverage sales at municipal golf courses are expected to generate more revenue in FY/06 as clubhouses complete renovations.

In order to balance the budget and cover the debt service obligation, Golf will reduce operating costs. Vacant positions will remain vacant, repairs and maintenance, temporary services, travel, training and water expenditures will be reduced. Water expenditure reductions are supported by the use of recycled water in FY/06.